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STATEMENT ON ADMINISTRATION'S 2004 BUDGET

Rick Pollack
Executive Vice President
February 3, 2003

The President's budget blueprint appears to have rejected specific cuts to the Medicare program. That's encouraging news to the nation's hospitals that day in and day out deliver on the promise of quality health care to America's seniors. That job gets harder as hospitals face new challenges – rising costs of medical liability insurance and information technology, the workforce shortage and disaster readiness, to name a few.

However, the budget warns that the Administration will look to achieve savings from providers who are “overpaid” and that the savings “could” be used to modernize Medicare. Today, more than half of hospitals lose money treating Medicare patients, a figure expected to grow to 65 percent by 2005. In order to continue to provide high quality health care to a growing and aging population, hospitals clearly need additional support, not additional cutbacks. We hope the Administration will conclude that such cutbacks are unwarranted. It's so important to invest in the program that millions of seniors and their families rely on, particularly in rural areas. And it's essential we address reductions already on the books that would reduce hospitals' ability to train tomorrow's physicians and care for the poor elderly.

We appreciate the President's commitment to solving the medical liability crisis. In many communities, access to key health services is being jeopardized. Solving this problem is a top priority for hospitals, and we will work with the President to protect patients and communities by making medical liability reform a reality.

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The President also recommends investments to shore up the health care system infrastructure. We applaud the down payment the Administration makes to help hospitals deal with bioterrorism and other unthinkable acts. It's a good beginning and we hope to build on that as we move forward. In addition, the President recognizes the promise that information technology holds for health care innovation. The health care field lags behind other fields in using technology to improve what we do. That's why we support the President's investment in an information technology grant program that can enhance patient safety efforts in hospitals across America. And with our country in the midst of a severe hospital worker shortage, we applaud the Administration's commitment to training programs for vitally needed nurses.

State budgets are bleeding red ink, and we have serious reservations about the Administration's plan to fundamentally change the Medicaid program. With many states considering or having reduced the number of people eligible for Medicaid, immediate assistance is needed to help maintain access to health services for the poor and needy. We also strongly oppose the elimination of the current Medicaid Disproportionate Share Hospital program that helps hospitals serve some of our nation's poorest citizens. With the ranks of the uninsured growing, any prescription for change to the Medicaid program must protect vital health care services for America's neediest people.

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